

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 10, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Deputy Mayor Degginger and Councilmembers Creighton, Davidson, Lee, and Noble

ABSENT: Mayor Marshall and Councilmember Mosher

1. Executive Session

Deputy Mayor Degginger opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 30 minutes to discuss one item of property acquisition and one item of potential litigation.

The Study Session resumed at 6:36 p.m. with Deputy Mayor Degginger presiding.

2. Oral Communications

- (a) Bill McArdel submitted written documents and spoke against the proposed installation of a wireless communications facility in the right-of-way on 130th Avenue NE, south of NE 28th Street. T-Mobile proposes to replace an existing 35-foot pole with a 73-foot pole. Mr. McArdel noted that the application mentions a search area. He said the search area excludes his property entirely, even though the pole will be located on the edge of his property between NE 26th and NE 28th Streets. He said the application is incorrect in stating (Page 2): "Further south, are Fir trees nearing closer to 100', as the ground elevation is over 40' higher than the subject ROW pole location." He feels there are numerous errors in the application. Mr. McArdel asked Council to require a new survey by T-Mobile to identify a more suitable location for the antenna/equipment.

3. Study Session

- (a) Council New Initiatives

No initiatives were introduced.

- (b) Third Quarter Budget Monitoring Report

Finance Director Jan Hawn introduced the economic recap and budget monitoring report for the period ending September 30. She noted that economic recovery continues to be slow and uneven although regional employment is stabilizing with no change in unemployment rates from August to September. Office vacancy rates in Bellevue's central business district have declined from a high of 26 percent last year to 21 percent during the third quarter. Overall sales tax collections were flat during the quarter but some sectors, including retail and services, experienced a five percent increase since 2002.

Turning to the General Fund, Ms. Hawn said utility taxes have been adjusted downward. Overall expenditures are in line with the budget, primarily due to savings attributable to the Parks and Community Services, Police, Transportation, and Finance Departments. These savings are expected to occur through position vacancies and reduced maintenance and operations costs.

In Utility Funds, Ms. Hawn said sewer revenues are anticipated to be under budget by \$1.1 million due mainly to lower consumption. Water and storm revenues are anticipated to be over budget by \$1.2 million due to higher consumption. Year-end expenditures are anticipated to be \$3.2 million under budget, in part due to the delayed implementation of the customer information system representing \$1.9 million of this amount. The expenditure will occur in 2004, however. Lower Metro wastewater treatment costs and water wholesale purchases contribute additional savings.

Capital Investment Program (CIP) Fund expenditures are projected at 76 percent of the available budget. Several key park acquisitions and roadway projects are under construction. Ms. Hawn noted the anticipated borrowing of \$13.5 million by the end of 2003 following Council's approval of a CIP line of credit on November 3. The impact of Initiative 776 on the CIP Plan has not yet been quantified.

Ms. Hawn said the budget outlook projects slow recovery in 2003 and 2004 revenue estimates. Expenditures are in line with revised revenue estimates, and staff will continue to closely monitor expenditure controls.

(c) 2003 Mid-Biennium Budget Presentation

Continuing, Ms. Hawn provided an overview of the 2003-2004 mid-biennium budget. A public hearing on the budget is scheduled for the November 17 Council meeting (Regular Session). Council discussion is scheduled for December 1, and adoption of the mid-biennium budget update (including 2004 pay plans, 2004 property tax levy, development services fees, and utility fees) is scheduled for December 8.

Ms. Hawn said state law requires that a mid-biennium budget review be completed by the end of the first year of the biennium and that a public hearing be held. The mid-biennium update primarily addresses routine revenue and expenditure adjustments. Current service levels are maintained while managing within existing resources. There are no new programs, taxes, or full-time equivalent (FTE) positions in the update.

Budget adjustments included in the mid-biennium update reflect the impact of the economic recession on the City's resources. Expenditures are in line with revenues due to expenditure control measures and lowered inflation rates. Health benefits cost controls will be implemented in 2004 through modifications to plan design and premium cost sharing for non-represented employees. Additional savings in the City's fleet program have been achieved through preventive maintenance, advances in maintenance technology, and enhanced collaboration between operating departments.

Ms. Hawn said the revised General Fund budget (\$118 million) reflects a reduction of \$3.5 million from the original proposed budget. Resources are lowered by \$3.5 million due to decreases in economically sensitive revenues such as sales tax, B&O tax, and utility taxes. Expenditures are reduced by \$3.5 million through a lower General Salary Adjustment (due to the low inflation rate), maintenance and operations adjustments, health benefits cost controls, extension of the fleet's useful life, and Development Services Improvement (DSI) initiative savings.

Ms. Hawn said changes to the Development Services Fund reflect the implementation of policy direction to staff by Council on September 8, 2003. As part of the mid-biennium update, staff will return with a fee ordinance reflecting Council's approved cost recovery objectives.

Ms. Hawn explained that the Unemployment Compensation Fund was affected by layoffs in Development Services effective January 1, 2003. The layoffs, and extension of the unemployment compensation period by the federal government, resulted in the need for an additional \$117,000. Funds are available in the General Self-Insurance Fund to cover this additional expense.

Turning to utility funds, Ms. Hawn said adjustments have been proposed for delinquent bills, resulting in increases of \$158,000 in the Water Fund, \$125,000 in the Sewer Fund, and \$127,000 in the Storm and Surface Water Fund. A sewer billing change previously approved by Council results in a one-time revenue contribution of \$1,134,000.

Two changes are proposed for the Capital Investment Program (CIP) Fund. The first is an adjustment for the interest and interim financing expense of \$525,000, which was previously discussed with Council. The adjustment will be offset through savings associated with the Metro site acquisition refunding bonds (\$260,000) and a reallocation of funds from the Access Downtown Project (\$265,000). The second adjustment (\$9.47 million) relates to the New City Building and will be discussed with Council in greater detail on November 24 [See Attachment D for preliminary budget, page 3-34 of the Council packet].

Ms. Hawn referenced Attachment F, page 3-40 of the Council packet, for a summary of a potential budget issue regarding the development of two synthetic soccer fields at Robinswood Park.

Jonathan Swift, Senior Budget Analyst, reviewed the long-term financial forecast [Attachment B, Page 3-19]. The updated forecast reflects a slower economic recovery than originally projected, and revenue and expenditure assumptions have been adjusted accordingly. Long-term demands

on the budget include state pension rate increases and business and occupation tax (B&O tax) apportionment beginning in 2008. These expenses will be offset through a reduction in FTE positions and efficiency gains through the implementation of technology. Staff will continue to address rapidly increasing health benefits costs as well.

Mr. Swift said expenditures are projected to exceed resources in 2005 by approximately \$100,000. However, resources begin to exceed expenditures after 2007. Mr. Swift noted the City's success in balancing the budget despite the economic slowdown and additional costs. Bellevue's fiscal health remains strong and staff has done a good job of managing within existing resources.

Mr. Lee thanked staff for the presentation and noted that the property tax levy rate is expected to be reduced for 2004, which is good news for citizens.

Responding to Mr. Lee, Mr. Swift said the estimated impact for Bellevue of state legislative changes to Streamlined Sales Tax Sourcing range from a positive impact of \$500,000 to a negative impact of \$750,000. Mr. Swift explained that the legislative change responds to the federal government's sales tax ban on Internet sales. The impact is expected to be potentially more favorable for Bellevue than some jurisdictions because Bellevue has few warehouse distribution centers.

Responding to Mr. Lee, Ms. Hawn said the 2004 Pay Plan reflects adopted Council policy to adjust non-represented employee salaries on January 1 by 90 percent of the June 30th CPI. The January 1, 2004, adjustment will be .81 percent.

Dr. Davidson praised staff for their work and commented that he wished other governments were as careful and thorough in their budgeting and financial management.

(d) Update on Finance and Human Resources System Replacement Project

City Manager Steve Sarkozy opened staff's update on the Finance and Human Resources System Replacement project, also known as the Enterprise Resource Planning (ERP) project.

Toni Cramer, Chief Information Officer, reminded Council that several consultants are involved in the overall project. However, AMX International is the primary implementation vendor for the software. Staff has been working since June to recruit project personnel, relocate the project team in the Leavitt Building, create a training and testing facility in the Leavitt Building, install hardware and software, and begin software configuration and the redesign of business processes.

Cathy Johnson, Project Manager, provided a brief demonstration of the software. She explained that the web-based applications are easier to deploy and support, provide improved access to information, and automate routine tasks. Ms. Cramer noted the system will replace a collection of systems and databases currently in use to provide the same functions.

Ms. Cramer said the AMX follow-up contract will be presented for Council approval on November 17. In December, staff will describe a contract request to provide a “transaction engine” related to this project. The next quarterly project update will be provided in January.

(e) Quarterly Update on Transportation Capital Investment Program

Transportation Director Goran Sparrman opened discussion of the Transportation Capital Investment Program (CIP) quarterly update.

David Berg, Transportation Assistant Director, provided the CIP update for the quarter ending September 30, 2003. He noted that many projects are wrapping up at the end of the busy construction season. Several projects are completing the design and right-of-way acquisition phase and are ready to be advertised to start construction in early 2004.

Mr. Berg said approximately \$22 million has been spent during the first nine months of 2003. The end-of-year total expenditure is projected at \$32 million, leaving a balance of approximately \$9.7 million due to cost savings (\$1.5 million) and under-expenditures attributed to delays.

Turning to third quarter highlights, Mr. Berg said the Bellevue Community College parking lot project, which is Phase 1 of the 148th Avenue SE project, included incentives for ensuring completion by the beginning of the fall quarter. The contractor received \$50,000 in incentives for completing the job 20 days earlier than targeted.

Mr. Berg said incentives are also built into the contract for the NE 4th Street bridge portion of the Access Downtown project. The project is on schedule to have the bridge open in early December.

The 150th Avenue SE/Eastgate Way project is substantially complete, except for landscaping and signage. Construction on the NE 29th Place Connection project was terminated in July, as Council is aware, and staff members are repackaging the project to be advertised for bid in the first quarter of 2004. The site will be monitored throughout the winter for erosion control. The risk assessment for the NE 29th Place project is designated as high because: 1) some properties are still in the condemnation process, and 2) project costs could increase through the rebid process. The Richards Road project is essentially complete.

Mr. Berg explained that the 150th Avenue SE (Newport Way to SE 36th Street) project is classified as a high risk in terms of its budget and schedule based on the current design. The budget reflects an estimated overrun of \$2.4 million due to right-of-way acquisition costs. A value engineering review is underway with King County to identify options and minimize costs.

The 156th Avenue NE (NE 8th Street to Northup Way) project is nearly complete. Responding to Mr. Degginger, Mr. Berg explained efforts to maintain access to the sidewalks and bus stops along this project as much as possible. One bus stop was temporarily relocated. The final overlay will not be applied until next spring.

The Cougar Mountain Way Corridor Improvements project has been delayed due to negotiations regarding franchise utilities, which will be placed underground as part of the project. The project is currently over budget by approximately \$1 million, half of which will be reimbursed to the City by the utility providers. The remaining budget overrun will be eliminated because adjacent developers will complete frontage improvements originally within the scope of this project. Factoria Boulevard improvements will be substantially complete by the end of November. Mr. Berg explained that the roadway medians are taller than most because the 20-inch Olympic Pipe Line runs underneath the street.

The 148th Avenue SE Roadway Improvements project is on track to go out for bid by early 2004. The schedule was delayed due to documentation requirements related to federal funding for the project.

Mr. Berg reviewed the following upcoming open houses/workshops to encourage public involvement in several projects:

- November 18 – West Lake Sammamish Parkway Analysis Workshop
- December 9 – 119th Avenue SE (SE 60th Street to Lake Heights Street) Open House
- December 16 – NE 24th Street (Northrup Way to 130th Avenue NE) Analysis Open House
- January 2004 – 145th Place SE (SE 8th to SE 24th) and SE 22nd Street Open House.

Mr. Berg provided the status of two Neighborhood Investment Strategy (NIS) projects: 1) 156th Avenue SE sidewalk/trail project from Lake Hills Boulevard to SE 16th Street is currently under construction, and 2) design is nearly complete for replacement of the walkway along 156th Avenue between NE 4th Street and Lake Hills Boulevard.

Mr. Berg responded to brief questions of clarification regarding the quarterly CIP update.

(f) Report on the State of Mobility in Bellevue 2001-2002

Mr. Sparrman thanked the Transportation Commission for its involvement in the preparation of the state of mobility report (*A Report on the State of Mobility in Bellevue in 2001-2002*). David Elliott, Commission Chair, noted the Commission's extensive review of the report, which is provided on the City's web site. Mr. Sparrman said the document serves as a progress report on the Comprehensive Plan's mobility targets and a report card on the Transportation Department's activities. The Transportation Department's mission is: To provide a safe and efficient transportation system that supports livable neighborhoods and a vital economy, in partnership with the community.

Mr. Sparrman briefly reviewed the report's contents. Chapter 2 addresses Regional Transportation Policy and Advocacy and the key themes of corridor advocacy, partnerships, and the Access Downtown project. Regional corridor advocacy includes the I-405 Final Environmental Impact Statement (EIS), Trans-Lake Study (SR 520), high-capacity transit, and the I-90 two-way HOV project.

Chapter 3, Transportation Planning and Programming, addresses long-range planning, CIP (Capital Investment Program) funding, and project delivery. Long-range study areas include the Downtown Plan, BROTS (Bel-Red Overlake Transportation Study) North-South Corridor Study, 148th Avenue Mobility Improvement Package, and the Eastgate/I-90 Corridor Study. The chapter reviews key capital project completions in 2001/2002.

Chapter 4 covers Level of Service and Concurrency. Mr. Sparrman noted that level of service refers to a method of measuring traffic conditions at a particular location, such as an intersection. Concurrency is the legal standard for operating conditions established within the Comprehensive Plan and Bellevue City Code.

Eric Miller, Capital Programming Manager, reviewed Chapter 5, Neighborhood Programs and Services, which discusses projects completed through the Neighborhood Traffic Calming Program, Neighborhood Enhancement Program, Neighborhood Investment Strategy, and Neighborhood Speed Reduction Program. Chapter 6, Safety, focuses on the success of the Accident Reduction Program. Since 1990, 42 accident reduction projects have been implemented at a one-time investment of \$827,000. Chapter 7, Preservation and Maintenance, documents the City's street maintenance programs as well as bridge, sidewalk, and trail projects. The Transportation Department is responsible for maintaining 869 lane miles of roadway, 305 miles of sidewalk, 14 miles of trails, and 14 bridge structures.

Kris Liljebad, Transportation Assistant Director, reviewed Chapter 8, Travel Alternatives. In 2002, the City exceeded its mode split targets (percent of commuters not using single-occupancy vehicle) in three areas: Bel-Red/Northup, Crossroads, and Eastgate. In the downtown, 33 percent of commuters used a non-SOV travel mode in 2002, compared to the goal of 40 percent. Transportation Demand Management (TDM) measures include the Commute Trip Reduction (CTR) Program for employers with more than 100 employees, One Less Car Program, Access Downtown Rideshare and Residential Flex Pass pilot program, Bel-Red/Overlake trip reduction program (BRAVO), and additional outreach and education efforts.

Chapter 9, Transit, reviews key service and facility enhancements through the City's partnerships with Metro and Sound Transit. A two-phased expansion and improvement project for Bellevue Transit Center occurred during 2001 and 2002. The Bellevue Transit Plan identifies activity centers throughout the community and focuses on building a Bellevue-centric service plan.

Turning to Chapter 10, Pedestrian and Bicycle Systems, Mr. Liljebad reported that 59 percent of the pedestrian system and 36 percent of the bicycle system are completed as of 2002. New pedestrian and bicycle targets are identified for consideration with the 2004 Comprehensive Plan amendments.

Mr. Sparrman noted the last section of the report, The State of Future Mobility, which addresses the critical need for continued regional advocacy of transportation projects, continued investments in neighborhood projects and programs, and the development of 2004 Comprehensive Plan amendments.

Deputy Mayor Degginger thanked staff for the report.

Responding to Councilmember Lee, Mr. Sparrman explained that the Transportation Department works closely with the Police Department to identify and address traffic safety issues. Staff members identify and analyze high accident locations on an ongoing basis. The Police Department makes suggestions to the Transportation Department as well based on its experience in the community.

Responding to Dr. Davidson, Mr. Miller said roads with bike lanes are swept twice a month and streets without bike lanes are swept generally once a month.

Referring to a map on page 34 of the 2001-2002 State of Mobility Report, Mr. Noble expressed concern that the only Bridle Trails intersection measured for level of service (LOS) purposes does not accurately reflect overall traffic volumes and conditions in the area. Mr. Sparrman acknowledged that the intersections used for measuring LOS were identified several years ago. He described a four-city concurrency study funded and initiated by the state legislature approximately two years ago, which resulted in findings but no specific policy recommendations for any of the cities. It was always the intent of City staff to apply the study's findings to an internal review of determining better ways of measuring concurrency, and that work remains to be done.

Mr. Creighton noted high accident rates in 2001 and 2002 for the intersection at NE 24th Street and 156th Avenue NE and questioned whether any projects are planned to improve safety in this area. Mr. Sparrman explained that the area is near the Redmond border and should be addressed jointly by Redmond and Bellevue staff. A study of transportation options for the area was completed this year. Mr. Miller noted a BROTS project planned for the intersection as well as a BROTS project targeted for Bel-Red Road and NE 24th Street.

(g) Annual Transportation Concurrency Report

Mr. Sparrman explained that the concurrency report is updated on an annual basis to ensure the City's transportation system complies with the requirements of the state Growth Management Act (GMA).

Mr. Liljeblad said the report will cover: 1) 2002 actual conditions and trends, 2) land use permits issued since the last year's concurrency update, and 3) projections of future (six year) LOS and concurrency conditions with and without planned Capital Investment Program (CIP) projects. He introduced Jin Ren, Modeling and Forecasting Manager, and thanked him and his staff for their work to prepare this report.

Mr. Liljeblad defined concurrency as a tool to balance land development with funded transportation capacity, as required by the state GMA. The City's Traffic Standards Code outlines Bellevue's concurrency approach, which is based on volume-to-capacity (V/C) ratios at 104 system intersections in 13 mobility management areas (MMAs). The V/C ratio measures traffic operations at specific intersections, averaged during the two-hour PM peak period. The report analyzes existing LOS conditions, future (six year) LOS projections for the 13 MMAs without CIP projects, and concurrency LOS for the MMAs given permitted development as of June 30, 2003, and with CIP-funded roadway capacity projects.

Mr. Liljeblad displayed a table summarizing traffic volumes by MMA and noted an overall volume reduction of 2.4 percent in 2002 compared to 2001. Moving to a table of traffic trends, he noted that volumes on arterials have not changed significantly since 1997. Table 2 shows a decline from seven LOS F intersections in 2001 to two in 2002, indicating that overall traffic congestion has decreased throughout the community. All MMAs have available capacity. Completed CIP projects in the Richards Valley MMA contributed to a V/C reduction of 0.128. However, traffic growth contributed to 0.081 and 0.110 V/C increases in the Crossroads and Eastgate MMAs.

Moving to concurrency LOS, Mr. Liljeblad displayed Table 3, Summary of Permitted Land Use by MMA as of 6/30/03. Office, retail, and multifamily development in the Downtown MMA represents approximately 90 percent of permitted land use activity for that period. Mr. Liljeblad reviewed a map of 2003-2009 CIP capacity projects. Table 5 compares 2009 intersection LOS projections with and without planned CIP projects. Without CIP projects, six intersections fail to meet the standard in 2009. However, with CIP projects, none of the MMAs exceed the congestion allowance and only two intersections fail to meet the LOS standard. Despite extensive projected development in the downtown, the Downtown MMA maintains 19 percent of its capacity in 2009, with only one failing intersection.

Mr. Liljeblad summarized that CIP projects including Factoria Boulevard, Richards Road, 148th/150th Avenues, and Kamber Road have helped improve concurrency LOS. The Access Downtown project and new ramps at SE 8th Street have helped to redistribute traffic. In addition, signal design, channelization, and timing improvements have enhanced overall operational efficiency. The findings support a continued focus on downtown development.

Responding to Dr. Davidson, Mr. Sparrman acknowledged that congestion on regional roadways contributes to Bellevue's traffic volumes. However, it is difficult to accurately measure the extent of this impact and the City continues to work on regional solutions.

Mr. Creighton expressed an interest in determining what portion of LOS and concurrency improvements are due to transportation projects versus overall decreased volumes for other reasons. Mr. Ren said the data is available for such an analysis although it has not been performed by staff to date.

Responding to Mr. Lee, Mr. Sparrman confirmed that concurrency and LOS data is used to identify and prioritize CIP projects.

Mr. Noble requested a future Study Session presentation about traffic signal design and timing.

At 9:23 p.m., Deputy Mayor Degginger declared the meeting adjourned.

Myrna L. Basich
City Clerk
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